

did not adopt, in terms, the conclusion of members of the American Commission in 1903, that, under the system of a falling monetary unit, "Mexico had in recent years given up a growing proportion of the products of her own labor and intellectual efficiency in return for foreign products"; but in his report in the autumn of 1905 he brought out the corollary of this proposition, that the rise in the unit in 1905 enabled Mexico "to purchase a much larger quantity of foreign merchandise without any very material increase in our remittances abroad." ¹ An important factor in the progress of recent years, too often ignored by those who ascribed this progress to the silver standard, was the abolition of the *alcabala* or interior customs taxes at state lines. It was not until the middle of the year 1896 that this reform was effected, with the result of relieving commerce from a galling exaction and greatly stimulating the public revenue from other sources.

A measure to carry out the reforms proposed by Minister Lyimantour was submitted with his report and became law on December 9, 1904. This law declared that the existing silver coin, containing 24.4391 grams of pure silver and 2.6342 grams of copper should continue to possess full legal-tender powers, but that it should have a value equal to 75 centigrams of pure gold. The issue of money of all kinds was reserved to the executive, who was also clothed with authority to forbid or tax the importation of Mexican pesos into the republic; to continue coinage of old pesos for export; to modify the form of the peso; to authorize the

•Commission by the present writer, Professor Jenks, and Mr. Edward Brush, April 18, 1903. See *Commission on International Exchange* ^ 1903, 431-39. It was also discussed exhaustively by Senor Casasus, *Currency Reform in Mexico* ^ 193-239. On the same subject in other countries, vide the authors *Principles of Money and Banking*, I., 347-51-

¹ *Financial Documents, 1905*, 4. The Minister calculated that exports valued in silver, amounting for the fiscal years 1903, 1904, and 1905 to \$207,377,793, \$210,312,374, and \$208,520,451 respectively, worked out in gold value, at the average rate of exchange, at \$82,950,000, \$91,440,000, and \$101,710,000 respectively.